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SUMMARY OF REPLY COMMENTS

Caribbean International News Corporation (“Caribbean”), in its initial comments, urged the Federal Communications Commission (“Commission” or “FCC”) to liberalize the newspaper/broadcast cross-ownership rule, Section 73.3555(d) of the Commission’s Rules, to allow an entity to jointly own or control a daily newspaper and a radio station or television station in the same market only if that entity holds less than an approximate 70% share of the advertising revenue for a media market sector. The 70% benchmark for determining concentration of control in advertising revenues is derived from antitrust case law that describes the point at which extremely large firms approach or actually hold monopoly power.

In its reply comments, Caribbean notes that all commenters specifically discussing the Puerto Rico media market requested that the Commission confirm that Section 73.355(d) has always defined “daily newspapers” to include Spanish-language daily newspapers in Puerto Rico. Thus, Caribbean urges the Commission to affirm that the newspaper/broadcast cross-ownership rule prohibits the combination of a Spanish-language daily newspaper and a broadcast station in Puerto Rico.

Caribbean further argues – as did a substantial number of commenters – that advertising revenue is the appropriate measure of market presence for a local newspaper or broadcast outlet. No commenter supported other paradigms for assessing market presence, such as analysis of ratings or circulation.¹

¹ Some commenters did provide ratings and circulation data, but did not assert that this was a more reliable way to assess economic competition.

Relying upon an assessment of the advertising market for newspapers, television stations and radio stations, Caribbean reiterates its proposal to adopt a new rule to allow cross-ownership except when an entity owns or controls approximately 70% or more of the advertising revenue for a media market sector. Several other commenters – including Consumers Union, the New York Times Company and individual consumers – also recognized the need to safeguard highly concentrated markets from newspaper/broadcast combinations. Data presented by Caribbean regarding the media market in the Commonwealth of Puerto Rico, as well as by other commenters regarding markets throughout the U.S. mainland, demonstrates that potential benefits of allowing cross-ownership in markets where a single entity already dominates a media market sector are far outweighed by the likelihood that unrestricted ownership will make a bad situation worse.

Furthermore, “new media” should not be included, at this time, within the local media market for purposes of this rule. New media represent an insignificant share of the media advertising market in many local markets. In particular, new media have achieved insignificant levels of penetration in the Puerto Rico market, and thus should not be considered in assessing diversity or competition.

Finally, Caribbean believes that current behavior of existing media combinations is not fully indicative of how combinations will behave if the newspaper/broadcast rule is repealed, especially in highly concentrated markets. Many commenters suggested that they intend to further coordinate and consolidate newsgathering and advertising departments if the cross-ownership rule is repealed. In most markets, these plans could result in synergies and efficiencies that would further the public interest. However, in

highly concentrated markets, consolidation and coordination are likely to further solidify the market dominance of a single media entity and, consequently, decrease diversity and competition.

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I. INTRODUCTION

Caribbean's comments urged the Commission to liberalize the newspaper/broadcast cross-ownership rule by eliminating the prohibition on cross-ownership in all but highly concentrated media advertising markets. Caribbean proposed to define a highly concentrated media market as characterized by a single media entity that controls a share of a media market sector that approaches or actually accounts for 70% or more of advertising revenue in that market.⁴ Puerto Rico is a prime example of a highly concentrated media market, as demonstrated by market data provided in Caribbean's comments.

In concentrated markets, the opportunity for a dominant entity to further consolidate market power will significantly and adversely affect the ability of newspaper, television and radio businesses to compete for advertising dollars. As a result, there would be a rapid decline in the availability of diverse sources of news and information in such markets. By maintaining a cross-ownership restriction for a media entity that owns

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General"); News Corporation Limited and Fox Television Holdings, Inc. (collectively, "News Corp."); Cox Enterprises, Inc. ("Cox"); Morris Communications Corporation ("Morris Communications"); the Media Institute; and Belo Corporation ("Belo"). Many of those in support of eliminating the rule own existing newspaper/broadcast combinations via grandfathered status or a waiver of the rule.

Approximately 18 commenters filed lengthy, in-depth comments and about 1,300 individuals filed one-page emails in support of the current rule. In particular, three coalitions of interest groups filed comments in support of maintaining the current rule: (1) Consumers Union, Consumer Federation of America, Civil Rights Forum, Center for Digital Democracy, Leadership Conference on Civil Rights and Media Access Project (herein referred to as "Consumers Union"); (2) the American Federation of Labor and Congress of Industrial Organizations ("AFL-CIO"); and (3) the United Church of Christ, National Organization for Women and Media Alliance (herein referred to as "United Church of Christ").

⁴ Specifically, Caribbean proposed that the Commission should allow an entity to jointly own or control a daily newspaper and a radio station or television station in the same

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or controls 70% or more of the advertising market share in a media market sector, the Commission will provide an incentive for that media entity to dilute its market power if it wants to acquire a media entity in another market sector in the same community.

Caribbean's comments recognized, however, that the Commission should eliminate the cross-ownership rule in the vast majority of local media markets, which enjoy robust diversity and competition.

Several other commenters, including the New York Times Company, Mid-West Family Stations, Arso Radio Corporation ("Arso"), Consumers Union and many individual consumers, agreed that the Commission should maintain the prohibition on cross-ownership in highly concentrated media markets.

Caribbean also asked the Commission to clarify that for purposes of the newspaper/broadcast cross-ownership rule, Spanish-language daily newspapers in Puerto Rico have always been defined as "daily newspapers." Arso – the only other commenter to discuss issues specific to Puerto Rico – adopted the same position in its comments. Both Caribbean and Arso provided ample support in their comments, including among other things, the Commission's stated intention to apply the newspaper/broadcast cross-ownership rule to Puerto Rico. The Commission therefore should grant this request for clarification.

In addition, numerous commenters agreed with Caribbean's position that advertising is the relevant economic market for analyzing competition policy underlying the cross-ownership rule. Moreover, while newspaper, radio and television are not

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market only if that entity holds less than an approximate 70% share of the advertising revenues for a media market sector.

entirely substitutable, there is some competitive overlap because of the limited dollars available to divide among the various traditional media advertising outlets in any given geographic market.⁵

The comments of some media entities that new media, such as cable television, satellite television and Internet, should be part of the Commission's media advertising analysis are unpersuasive and not supported by either the Commission's policies underlying regulation of traditional media or the market realities in many communities. Finally, those commenters advocating that antitrust laws are sufficient to protect against anticompetitive behavior do not fully understand merger enforcement policy against other than direct rivals, and incorrectly interpret the Commission's public interest obligations in the newspaper/broadcast cross-ownership context.

II. THE COMMISSION SHOULD CLARIFY THAT THE NEWSPAPER/BROADCAST CROSS-OWNERSHIP RULE EXPLICITLY APPLIES TO PUERTO RICO, AND UNDER SUCH CIRCUMSTANCES, THE TERM "DAILY NEWSPAPER" HAS ALWAYS INCLUDED PUERTO RICO'S SPANISH-LANGUAGE DAILY NEWSPAPERS

A. Positions of Commenters

As noted above, Arso was the only commenter other than Caribbean to address issues specific to the Puerto Rico media market. Like Caribbean, Arso urged the Commission to confirm that the newspaper/broadcast cross-ownership rule has, from the rule's inception, applied specifically to Spanish-language daily newspapers in Puerto

⁵ In its comments, Caribbean defined "traditional" local media outlets as daily newspapers, radio stations and television stations.

Rico.⁶ None of the commenters provided the Commission with a contrary interpretation of the definition of “daily newspaper,” contained in Note 6 of Section 73.3555(d).

B. Caribbean’s Reply

Caribbean supports Arso’s request and urges the Commission to confirm that the newspaper/broadcast cross-ownership rule – if retained in its current form or modified in any way short of total elimination – applies to Spanish-language daily newspapers in Puerto Rico.⁷ As set forth in Caribbean’s comments, the current version of the rule defines “daily newspaper” as “one which is published four or more days per week, which is in the *English language* and which is circulated generally in the community of publication.”⁸ In adopting the rule, however, the Commission also explicitly held that the rule applies to Puerto Rico, stating “[i]n our view, the need for diversity is no less great in Puerto Rico than elsewhere, and we see no less need to apply the prospective rules there.”⁹ The *Cross-Ownership Second Report and Order* also makes clear that the Commission intended to exclude “foreign language dailies,” which are “specialized publications” rather than publications of general circulation, from the prohibition on common ownership.¹⁰ A Spanish-language daily newspaper is not a “foreign language” newspaper in Puerto Rico, where Spanish is an official language of the Commonwealth,

⁶ See Comments of Arso at 1-2.

⁷ See Comments of Caribbean at 22-26.

⁸ 47 C.F.R. § 73.3555(d), n.6 (emphasis added).

⁹ *In re Amendment of Sections 73.34, 73.240, and 73.636 of the Commission’s Rules Relating to Multiple Ownership Standard, FM, and Television Broadcast Stations, Second Report and Order*, 50 FCC 2d 1046, ¶ 123 (1975) (“*Cross-Ownership Second Report and Order*”), *recon.* 53 FCC 2d 589 (1975), *aff’d sub nom. FCC v. Nat’l Citizens Comm. for Broad.*, 436 U.S. 775 (1978) (rejecting request to exempt Puerto Rico from the newspaper/broadcast cross-ownership rule).

¹⁰ *Id.* ¶ 101.

the language of the three highest circulating daily newspapers on the island, and the language that predominates in the community. In its comments, Caribbean argued that the literal words of Note 6, stating only that “English language” newspapers fall within the scope of the term “daily newspaper,” fail to fulfill the Commission’s express intention to apply the cross-ownership ban in Puerto Rico and to exclude only “foreign language dailies.”¹¹

Full consideration of the Commission’s rationale for adoption of the cross-ownership rule compels no other conclusion than that the literal reading of Note 6 produces an unintended and absurd result in Puerto Rico.¹² For the reasons fully detailed in Caribbean’s comments, therefore, Caribbean requests that the Commission explicitly clarify that the newspaper/broadcast cross-ownership rule applies to Spanish-language daily newspapers in Puerto Rico.

III. A MAJORITY OF COMMENTERS AGREE THAT THE MEDIA ADVERTISING MARKET IS MOST RELEVANT TO DETERMINATIONS OF ECONOMIC COMPETITION IN THE CONTEXT OF CROSS-OWNERSHIP

A. Positions of Commenters

A substantial majority of commenters that addressed the relevant product market agreed that advertising is the appropriate economic market for competitive determinations relating to cross-ownership.¹³ Although a few commenters provided data

¹¹ See Comments of Caribbean at 23-24.

¹² See *id.* at 22-26.

¹³ See, e.g., Comments of the News Corp. at 23; Comments of Hearst Corporation at 13-14; Comments of Hearst-Argyle Television, Inc. at 10-11; Comments of Gannett at 15; Comments of Bonneville International Corporation at 3-4. *But see, e.g.,* Comments of NAB at 6-11 (arguing that the FCC’s request for information on advertising and competition is irrelevant because there was no evidence of competition concerns when the rule was enacted and the market has since become even more competitive).

on both advertising dollars and ratings/circulation figures, those commenters did not advocate that the Commission should regard this latter type of information as more probative.¹⁴

In addition, almost all commenters who offered an in-depth market analysis agreed that newspapers, radio stations and television stations are not fully substitutable. However, many of these commenters – like Caribbean – also recognized that newspapers, television stations and radio stations compete to some degree for a portion of the same finite pool of advertising dollars in a given local market.¹⁵

B. Caribbean's Reply

Caribbean supports those commenters who argued that the appropriate economic market for competitive determinations relating to cross-ownership is advertising revenue. There is not a more relevant or accurate measure of economic competition and diversity than advertising market share. Furthermore, in any given local media market, there is a limited amount of advertising dollars, which is divided among traditional media entities: newspapers, radio stations and television stations. Thus, while Caribbean and other commenters recognize that newspapers, radio stations and television stations compete in separate market sectors and are not fully substitutable, these entities nonetheless compete with each other for the limited advertising revenue available in a particular local market.¹⁶ No commenter has offered a proposal other than advertising revenue to measure market share. Evidence of market realities presented in the comments of

¹⁴ See, e.g., Comments of Consumers Union at 74-75; Comments of Tribune at 32-34.

¹⁵ See, e.g., Comments of the Hearst Corporation at 13-14; Comments of Cox at 16-20; Comments of United Church of Christ at 12-13.

¹⁶ See Comments of Caribbean at 8-9.

Caribbean and other media entities provide a strong basis for the Commission to conclude that advertising revenues in the newspaper, radio and television market sectors is most relevant to competitive determinations.

IV. THE COMMISSION SHOULD REPLACE THE ABSOLUTE PROHIBITION ON NEWSPAPER/BROADCAST CROSS-OWNERSHIP WITH A NARROW RESTRICTION TARGETING ONLY ENTITIES THAT CONTROL AN EXTREMELY LARGE SHARE OF ADVERTISING REVENUE IN A MEDIA MARKET SECTOR

A. Positions of Commenters

Five commenters, including Caribbean, proposed alternatives short of totally eliminating or leaving intact the cross-ownership rule. These commenters recognized that most media markets no longer need a newspaper/broadcast cross-ownership prohibition to enjoy robust diversity and competition within traditional media market sectors, but that any rule change should ensure that these principles will be protected in all markets.¹⁷ The Commission expressed these same objectives in initiating this proceeding.¹⁸

For instance, the New York Times Company, which owns a grandfathered combination in New York City, generally supported elimination of the rule, but recognized that the rule should not be repealed in the “most highly concentrated markets.”¹⁹ Mid-West Family Stations similarly urged the Commission to prevent a

¹⁷ See, e.g., Comments of Caribbean at 1-2, 35-38 (proposing to allow cross-ownership except in markets where an entity controls 70% of the advertising revenues for a traditional media market sector); Comments of Mid-West Family Stations at 1-2, 5-7 (opposing rule change that would allow “dominant monopoly daily newspapers” from acquiring radio stations in the same markets); Comments of the New York Times Company at i, 17 (seeking repeal of the rule in “all but the most highly concentrated markets”).

¹⁸ See *NPRM*, ¶ 7.

¹⁹ Comments of New York Times Company at 17-18.

newspaper with a monopoly share of the advertising market from acquiring “additional market power.”²⁰

Several commenters provided specific examples of dominant media entities (often existing newspaper/broadcast combinations) in highly concentrated market sectors leveraging their market power to further increase their advertising market share. Arso, in particular, confirmed Caribbean’s comments, which demonstrated that one entity controls 72% of the daily newspaper advertising market sector in Puerto Rico, and supported Caribbean’s view that elimination of the cross-ownership rule in Puerto Rico would threaten diversity and competition throughout Puerto Rico’s media market sectors.²¹ In addition, a number of small, independent media entities also asserted that existing newspaper/broadcast combinations have a significant and adverse effect on their ability to compete for advertising dollars.²² Thus, several commenters have provided the Commission with record support that in highly concentrated media markets, diversity and economic competition have been impaired.

B. Caribbean’s Reply

As Caribbean explained fully in its comments, today Puerto Rico has a diverse local media market, with many small, independent owners competing in the television, radio and newspaper sectors for a relatively small amount of advertising dollars. At the

²⁰ Comments of Mid-West Family Stations at 1, 2, 5, 7.

²¹ Comments of Arso at 2.

²² See Comments of Mid-West Family Stations at 5; Comments of United Church of Christ at Attachs. 6-9. See also Comments of Faye Slice, Sherman Tarr, Jim Helenthal, and Jennifer Poole (complaining about the negative effects of dominant media entities in various parts of the country). For example, the publisher of the Tri-State Shopper, a start-up, independent newspaper in Quincy, Illinois, provided anecdotal information of conduct by an existing newspaper/broadcast combination allegedly designed to prevent Tri-State Shopper’s survival. Comments of Jim Helenthal.

same time, one newspaper entity controls a 72% share of advertising revenue in the newspaper market sector and a 43% share of the total advertising revenue for newspapers, television stations and radio stations in Puerto Rico.²³ Therefore, Caribbean argued in its comments and reiterates in this reply that while the public interest would benefit from a decision to eliminate the absolute prohibition on newspaper/broadcast cross-ownership, the Commission should adopt a limited, new rule to preserve diversity and economic competition in highly concentrated local advertising media market sectors. Specifically, Caribbean continues to support a rule that prohibits cross-ownership by a single entity holding 70% or more of the advertising market share for one of the traditional media market sectors. The determination of whether a media market can sustain cross-ownership without impairing diversity would be made by aggregating advertising revenues of all traditional media outlets owned by the common entity, either through individual or common ownership, through direct ownership or ownership through affiliates, or through actual control or management.

V. AT THIS TIME, NEW MEDIA SHOULD NOT BE INCLUDED IN EITHER THE RULE'S DIVERSITY OR COMPETITION CONSIDERATIONS

A. Positions of Commenters

Many commenters argued that new media – *i.e.*, cable television, satellite television and Internet –should be included in assessing diversity and competition because of the development and penetration of such media since the newspaper/broadcast

²³ See Comments of Caribbean at n. 39 and accompanying text.

cross-ownership rule was enacted in 1975.²⁴ Other commenters argued that new media should not be taken into account under the rule. Among others, the United Church of Christ argued that most new media sources are owned by newspapers or broadcast stations within the same community, and thus do not provide independent sources of news and information for diversity purposes.²⁵

B. Caribbean's Reply

Caribbean believes it is not yet timely for the Commission to consider new media for purposes of assessing diversity or competition, particularly with respect to the Puerto Rico media market.²⁶ As a general matter, Caribbean believes that new media should be distinct from the traditional local media market because new media charge customers a monthly fee in exchange for programming services. In contrast, local newspapers, television and radio provide free or very inexpensive news and public information to consumers, a historic and significant function that is central to the public interest. Preserving the public's ability to access free (or extremely low-cost) sources of local news and information has been and should continue to be a primary goal of the

²⁴ See, e.g., Comments of NAA at 65-73; Comments of News Corp. at 7-13; Comments of ALTV at 4-5; Comments of Hearst Corporation at 8-12, 14-16; Comments of the New York Times Company at 3-5; Comments of Gannett at 14.

²⁵ Comments of United Church of Christ at 17-18. See also Comments of Consumers Union at 18-22, 88-98 (arguing that new media should not be considered under the cross-ownership rule, but if they are considered, do not represent additional institutional diversity because they are vertically integrated with dominant traditional media incumbents).

²⁶ As that market continues to develop and emerge, the Commission may decide to include some or all new media at a future time. The Commission's Annual Assessment of the Status of Competition in the Market for the Delivery of Video Programming may be an appropriate vehicle for performing a reassessment.

Commission's regulation of television and radio in the public interest.²⁷ Therefore, the public interest requires that the cross-ownership rule separately consider diversity and competition of the traditional local media.²⁸

Even if the Commission finds that new media generally compete with traditional local media and thus should be included in assessing diversity and competition in this proceeding, Puerto Rico must be distinguished from the U.S. mainland in this regard. In Puerto Rico, the Internet and satellite markets have low penetration rates. For example,

²⁷ See, e.g., *Commission Adopts Table of Allotments for DTV; Establishes Policies and Rules*, Mass Media Action, 12 FCC Rcd. 10,471 (1997) (statement of Chairman James H. Quello) ("With this decision, we move forward with the implementation of digital television, and the goal of preserving free, over-the-air television has been realized for generations of viewers into the 21st century."); *In re Unauthorized Broadcast of Federal Aviation Administration Communications by Broadcast and Other Federal Communications Commission Licensees*, Public Notice, FCC 72-105 (Feb. 2, 1972) (appended to *In re Further FCC Policy Concerning Technical Standards for Television Broadcast Signals*, Public Notice, 44 Rad. Reg. 2d (P & F) 1525 (1979)) ("The Commission recognizes that there is a strong public interest in the free gathering and dissemination of news and does not wish to discourage broadcast stations or other news media in their proper efforts to serve such public interest.").

²⁸ Caribbean also notes that courts have found, for example, that satellite television providers do not compete with local media for advertising revenue because satellite is a national medium while local newspapers, radio stations and television stations are local media. See *Satellite Broad. and Communications Ass'n v. FCC*, 275 F.3d 337, 365 (4th Cir. 2001) ("[S]atellite carriers do not compete with local broadcasters for advertising." affirming 146 F. Supp. 2d 803, 809 (E.D. Va. 2001) ("Because satellites are a national medium, satellite carriers do not compete with local stations for local advertising revenues."). The same rationale may apply to other new media, which the Commission has defined as regional, national, and global services, rather than local services. See *In re Implementation of Cable Act Reform Provisions of the Telecommunications Act of 1996, the Commission's Cable Horizontal and Vertical Ownership Limits and Attribution Rules*, Further Notice of Proposed Rulemaking, 16 FCC Rcd. 17,312, ¶ 12 (2001) ("Cable Ownership Further Notice") (discussed in *In re Annual Assessment of the Status of Competition in the Market for the Delivery of Video Programming*, Eighth Annual Report, FCC 01-389, CS Dkt. No. 01-129, ¶ 138 (rel. Jan. 14, 2002)). In the *Cable Ownership Further Notice* proceeding, the Commission proposed that broadcast networks compete with multichannel video programming distributors for advertising within the context of the market for program packaging. However, the Commission also proposed that the relevant geographic market for the program packaging market was regional, national or global – a geographic market broader in scope than the relevant geographic market (i.e., the local market) in the newspaper/broadcast cross-ownership proceeding.

less than 3% of the Puerto Rico population has access to the Internet.²⁹ Moreover, the dominant newspaper entity in Puerto Rico also owns the largest Internet network and the most visited websites in Puerto Rico.³⁰ Thus, to the very limited extent that Puerto Ricans rely on the Internet for news and information, the primary source does not serve as a separate voice for diversity or economic competition purposes.

VI. ANTITRUST LAWS ARE NOT SUFFICIENT TO PRESERVE THE DIVERSITY AND COMPETITION CONCERNS UNDERLYING THE RULE

A. Positions of Commenters

Many proponents of repealing the rule argued that antitrust laws are sufficient to protect against anticompetitive behavior of a newspaper/broadcast combination. The NAA, for instance, asserted that the Department of Justice and Federal Trade Commission merger review processes are sufficient to prevent mergers that may lessen competition or create a monopoly.³¹ Similarly, Gannett asserted that if a newspaper/broadcast combination obtained undue market power, existing antitrust laws would protect adequately consumers and advertisers.³² In contrast to other commenters, however, Consumers Union argued that the rule is aimed at protecting diversity of local

²⁹ This figure is based on the number of Internet users as a percentage of the total population in Puerto Rico. *See CIA – World Factbook – Puerto Rico*, at <http://www.odci.gov/cia/publications/factbook/geos/rq.html> (last visited Feb. 6, 2001). The same holds true for satellite television service. Unofficial information obtained by Caribbean indicated that less than 3% of the population in Puerto Rico subscribe to satellite television. *See* Comments of Caribbean at n. 43 and accompanying text.

³⁰ *See Fiera.com*, Latin Finance, Sept. 1, 2000, available at 2000 WL 19732479. *See also* Comments of Caribbean at nn. 44-45 and accompanying text.

³¹ Comments of NAA at 77-79.

³² Comments of Gannett at 15-16. *See also* Comments of Tribune at 71-72 (stating same).

news and information, and thus incorporates goals that are broader than those involved in a traditional antitrust analysis.³³

B. Caribbean's Reply

As Caribbean asserted in its comments, the U.S. Department of Justice and federal courts view the local radio, television and newspaper advertising markets as distinct advertising markets.³⁴ As a result, federal antitrust regulators likely would consider the merger of a newspaper and a broadcast outlet as a conglomerate rather than a horizontal merger.³⁵ Such a merger would be difficult to challenge under antitrust laws, even in a market, for example, where an entity with monopoly power in the newspaper market sector attempted to acquire a broadcast outlet.³⁶ Thus, Caribbean believes that in order to preserve diverse and vibrant sources of news and information, the Commission's public interest obligation in this proceeding requires that it perform a competitive analysis distinct from antitrust regulators.³⁷

³³ Comments of Consumers Union at 96-98.

³⁴ See Comments of Caribbean at n.100 and accompanying text.

³⁵ See Comments of Caribbean at n.103 and accompanying text.

³⁶ Moreover, certain acquisitions fall below the threshold dollar amounts for Hart-Scott-Rodino review and will not be analyzed routinely by the Federal Trade Commission or Department of Justice prior to their consummation. 15 U.S.C. 18a (limiting reporting to DOJ or FTC of only those acquisitions of \$50 million or more). See also *In re Reallocation and Services Rules for the 698-746 MHz Spectrum Band (Television Channels 52-59)*, Report and Order, FCC 01-328, GN Docket No. 01-74, ¶¶ 60-65 (rel. Jan. 18, 2002).

³⁷ In another context, the Commission recently recognized that it has "an obligation, distinct from that of DOJ, to consider as part of the Commission's public interest review the anticompetitive effects of acquisitions. . . ." *Id.* ¶ 62 (noting that the D.C. Circuit has also found that the Commission "must consider antitrust and competition effects in making its public interest determinations under the Communications Act").

VII. NEWSPAPER/BROADCAST COMBINATIONS COULD LEAD TO A DECREASE IN DIVERSITY AND COMPETITION IN CERTAIN MARKETS

A. Positions of Commenters

Proponents of retaining the rule argued that combinations would cause a decline in quality and diversity of local news, reduce minority ownership and programming, and cause “public interest” advertisers – such as political candidates, opponents and proponents of ballot issues, advocacy groups – to be priced out of the market.³⁸ On the other hand, commenters in favor of eliminating the rule discussed the potential synergies and efficiencies of newspaper/broadcast combinations, such as collaborative reporting, shared overhead costs, and the production of cutting edge websites by combining printing and visual skills.³⁹

Existing newspaper/broadcast combinations offered specific evidence of current collaboration in newsgathering and news reporting, as well as consolidated advertising.⁴⁰ The NAA, for instance, reported that existing newspaper/broadcast combinations have excelled in providing local news and information, better coordinated their newsgathering resources, more widely disseminated important information to their communities, created “back office” efficiencies, and offered “one-stop” shopping and lower rates for

³⁸ See Comments of Consumers Union at 12, 52-53; Comments of AFL-CIO at 4, 14-16; Comments of United Church of Christ at 11, 14-17.

³⁹ See, e.g., Comments of Belo at 4-7 (owner of newspaper/television combination in Dallas, Texas); Comments of NAB at 31-40; Comments of NAA at 17-38.

⁴⁰ See, e.g., Comments of the New York Times Company at 7-10 (explaining how its radio station’s programming is enhanced by the resources of the *New York Times*); Comments of Belo at 4-7 (detailing collaborative efforts between WFAA-TV and the *Dallas Morning News*).

advertisers.⁴¹ Cox also stated that its grandfathered combinations in Dayton, Ohio and Atlanta, Georgia collaborate to enhance coverage of local issues and events.⁴²

Despite these collaborative efforts, owners of existing combinations contended that each entity within the combination retained editorial autonomy.⁴³ However, other commenters considered repeal of the rule as an opportunity for full convergence of a newspaper and broadcast combination. For instance, Media General stated its intention to create total convergence of its newspaper, television and Internet sites in all markets where it owns media interests.⁴⁴ Similarly, Morris Communications stated that it historically has operated its newspaper/broadcast combinations independently. If the rule is repealed, however, Morris Communications plans to combine fully its resources, including staff for newsgathering, news reporting and advertising sales.⁴⁵

B. Caribbean's Reply

Caribbean believes that evidence of coordination within an existing combination is not fully indicative of how combinations will behave if the Commission repeals the newspaper/broadcast cross-ownership rule. Several commenters presented plans as to how they intended to increase their news and advertising coordination and consolidation

⁴¹ See Comments of NAA at 17-21 (providing specific examples of these benefits in various markets). See also Comments of NAB at 34-43 (arguing benefits of newspaper/broadcast combinations).

⁴² Comments of Cox at 12-15.

⁴³ See e.g., Comments of the NAA at 17-21; Comments of Cox at 12-15; Comments of the News Corp. at 20-23; Comments of the NAB at 39.

⁴⁴ Comments of Media General at 6-9. Media General owns media entities and plans a total convergence of these entities in Tampa-St. Petersburg, Florida; Roanoke-Lynchburg, Virginia; Tri-Cities, Tennessee/Virginia; Florence-Myrtle Beach, South Carolina; Columbus, Georgia; and Panama City, Florida. *Id.* at 4.

if the rule is repealed. Caribbean recognizes that, in most markets, further coordination and consolidation of newsgathering, news reporting and advertising is likely to produce synergies and efficiencies without infringing on diversity or inhibiting competition. In markets such as Puerto Rico, where one media entity already dominates a market sector, unlimited increases in consolidation and coordination across the traditional media market sectors is likely to diminish competition for the limited pool of media advertising dollars.⁴⁶ This would threaten the viability of smaller, independent media entities that serve as sources of diverse news and local information. Thus, in such a market, the potential synergies are outweighed by the probable threats to diversity and competition.

VIII. CONCLUSION

For the reasons set forth above and more fully detailed in its comments, Caribbean urges the Commission to take the following actions in this rulemaking proceeding: (1) confirm that the newspaper/broadcast cross-ownership rule's definition of "daily newspaper" includes Spanish-language daily newspapers in Puerto Rico; and (2)

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⁴⁵ Comments of Morris Communications at 12-16. Morris Communications currently owns and operates newspaper/radio combinations in Amarillo, Texas and Topeka, Kansas.

⁴⁶ For specific discussion on the existing concentration in the Puerto Rico media market, see Comments of Caribbean at nn. 112-13 and accompanying text.

promulgate a new cross-ownership rule that would allow an entity to jointly own or control a daily newspaper and broadcast outlet only if that entity does not possess above an approximate 70% share of the existing advertising market in a media market sector.

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